

Castor Seed & Oil Monthly Research Report

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Outlook and Review -Domestic Front:

Having arrested the nine-month-long downward slide, castor seed prices have surged 23 per cent in the past three months due to higher export demand for oil and meal. Lower yield estimation, diminishing supplies and improving export demand will keep prices firm in the coming months.

Apart from rising demand from consuming industries, short position of stocks in the spot markets mainly led to the rise in castor seed futures.

The arrivals started slowing down by mid-June as the new sowing season started. As per latest reports, the acreage under castor crop in Gujarat has shrunk by about 15 per cent to 5.08 lakh hectares against 5.76 lakh hectares last year. Most of the castor-producing districts of Gujarat have received very less rain during this monsoon.

Castor meal too was in demand during this time. At 30,471 tonnes, meal exports in July were double that of the previous month and was about five times higher than July 2017. In FY18 castor meal exports had surged by about 43 per cent to 573,000 tonnes against just 400,000 tonnes in previous year. This rise in exports has been primarily attributed to pick up in demand from South Korea, the largest importer of castor meal from India. About 82 per cent of India's castor meal is exported to South Korea.

Higher exports and lower acreage reports started pushing castor seed prices up as they surged by 23 per cent in the last two months. Slow start of the sowing season also helped prices to rise. Low carryover stocks due to higher exports in last financial year also is supporting prices. By August 8, prices hit a one-year high of Rs 4,780 per quintal.

Castor futures may trade positive in coming months towards Rs 4,900 per quintal, supported by lower acreage, diminishing supplies and improving export demand for castor oil and meal. In the seasonal index, we see some corrections during August-September but the trend will be positive in the second half of 2018

States Wise APY of Castor Seed in India:

States	Estimated Area (000 Ha.)				Estimated Production (000 Tons)						Est. Yield (Kg./Ha.)	
	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16	2018-19	2017-18	2016-17	2015-16
Gujarat	508	596	565	781	990.6	1230	850	1150	1950	2066	1504	1472
Rajasthan	264	131	170	198	330	162	123	150	1250	1238	723	758
Andhra Pradesh	33	58	78	93	15.84	28	64	80	480	477	820	860
Others	54	38	32	36	31.86	23	19	20	590	600	594	565
Total	859	823	845	1108	1503.25	1433	1055	1400	1750	1754	1249	1264

As per Agriwatch preliminary estimates, all India castor seed area is expected to reach 859 thousand hectares which is up by 4.37% from last year area of 823 thousand hectares. Overall area under castor seed is increased except Gujarat. Area in Gujarat is down by 15% from last year due to crop shift and also unfavorable weather for castor mainly in north Gujarat. In MY-2018-19 we expect castor seed production reach to 15.03 lakh tons.

State wise Castor Seed Area (2018-19) as on 20.09.2018

State	CASTORSEED					
	Normal Area	Normal Area as on date	Area sown reported			Absolute Change
			This Year	% of Normal	Last Year	
Andhra Pradesh	0.63	0.39	0.33	52.4	0.26	0.07
Assam	0.01	0.00	0.00	0.0	0.00	0.00
Gujarat	6.70	6.40	5.08	75.8	5.76	-0.68
Haryana	0.01	0.01	0.01	122.4	0.01	0.00
Jharkhand	0.01	0.00	0.01		0.01	
Karnataka	0.11	0.11	0.07	66.0	0.07	0.00
Madhya Pradesh	0.05	0.00	0.00	0.0	0.00	0.00
Maharashtra	0.15	0.16	0.10	63.8	0.07	0.03
Odisha	0.11	0.06	0.05	41.8	0.05	-0.01
Rajasthan	1.96	1.74	2.64	135.1	1.60	1.04
Tamil Nadu	0.06	0.03	0.02	38.2	0.02	0.00
Telangana	0.72	0.52	0.26	35.8	0.31	-0.05
All-India	10.51	9.44	8.59	81.8	8.17	0.42

All India castor seed sowing as on 20th Sept -2018 was 8.59 lakh hectares which is up by 5.19% from last year corresponding period area of 8.17 lakh hectares and 9% down by normal

area of corresponding period area of 9.44 lakh hectares. Lower area is reported from the states of Odisha, Telangana and Gujarat.

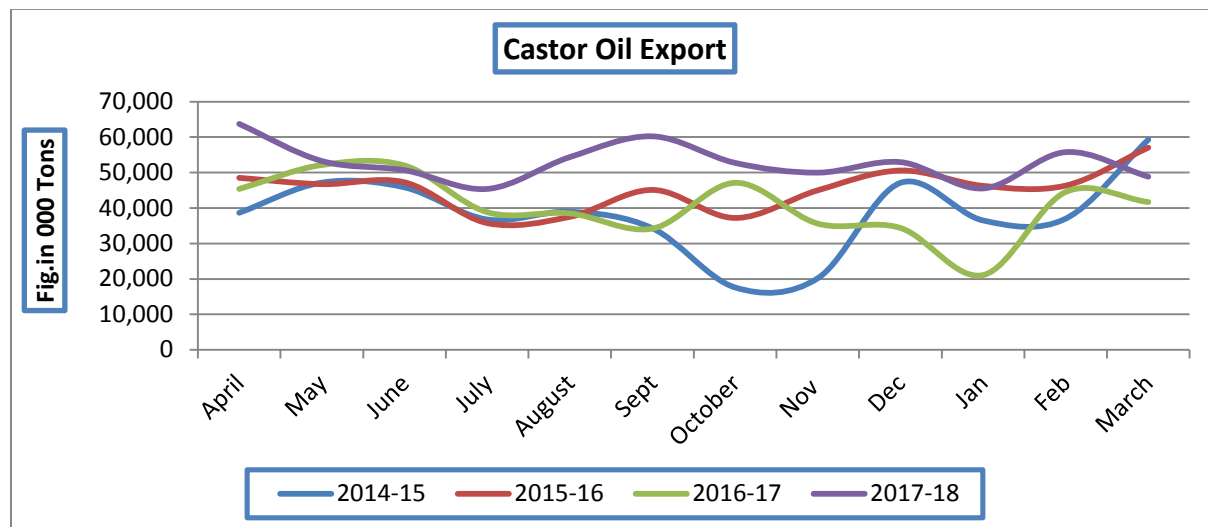
Castor Oil Demand & Supply:

All units in lakh tons	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Carry in	5.8	6.84	6.04	5.54	5.91	5.35
Production	13.04	11.7	13	15.12	12.94	10.5
Imports	0	0	0	0	0	0
Total Availability	18.84	18.54	19.04	20.66	18.85	15.85
Consumption	12	12.5	13.5	14.75	13.5	15.5
Exports	0	0	0	0	0	0
Total Usage	12	12.5	13.5	14.75	13.5	15.5
Carry out	6.84	6.04	5.54	5.91	5.35	0.35
Av Monthly Consumption	1	1.04	1.13	1.23	1.13	1.29
Stock to Month Use	6.84	5.8	4.92	4.81	4.76	0.27
Stock to Consumption Ratio	0.57	0.483	0.41	0.4	0.4	0.02

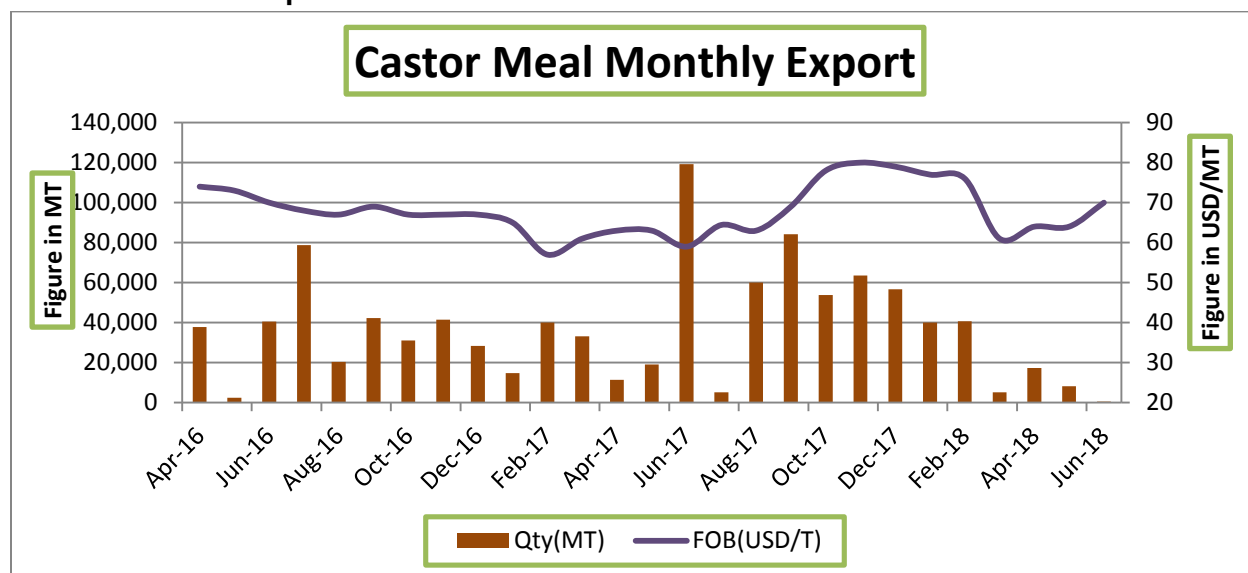
Season 2016-17 would start with 0.5 lakh tons oil as carrying stock. Agriwatch has estimated 7 lakh tons oil production from 2015-16 crops to be marketed in 2016-17 including derivatives use this brings total availability to 7.5 lakh tons. Export has been pegged at 5.5 lakh tons slightly higher than 2015-16 as supply is higher and price is lower. Carryout for next year would be at higher side (around 1 lakh tons) despite higher export volume.

Castor Oil Supply & Demand Projection For 2016-17			
Unit in lakh ton	2014-15	2015-16	2016-17
Carry in	0.15	0.25	0.5
Production	6	6.5	7
Imports	0	0	0
Total Availability	6.15	6.75	7.5
Consumption (domestic)	0.9	1	1
Exports	5	5.25	5.5
Total Usage	5.9	6.25	6.5
Carry out	0.25	0.5	1

Castor Oil Monthly Export Trend:



Castor Oil Meal Export Trend:

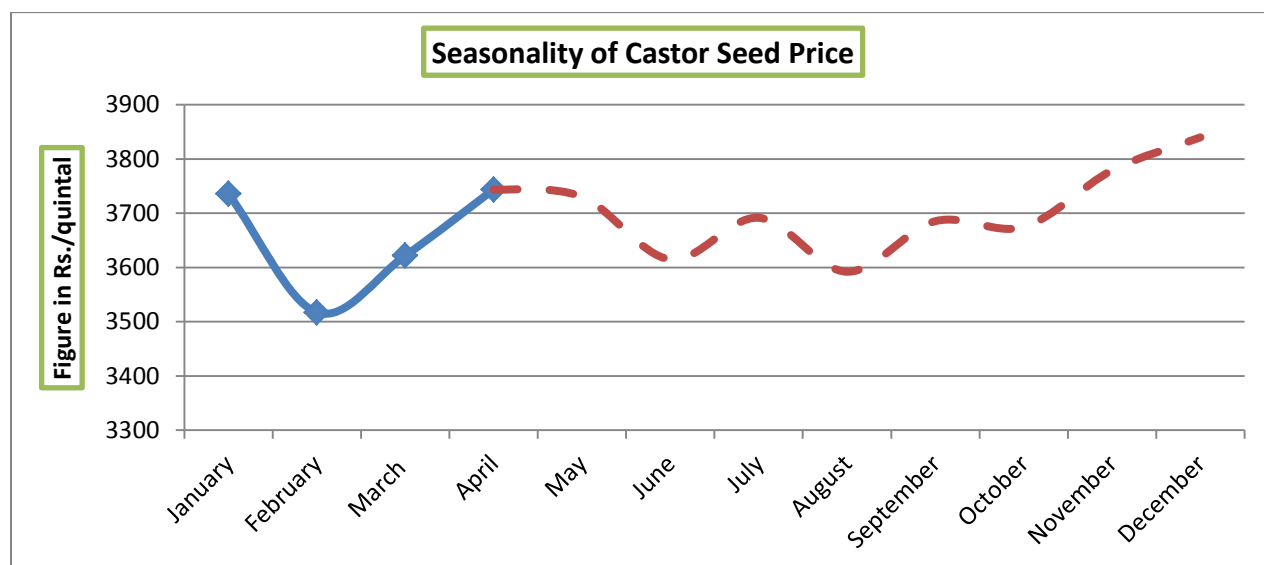


The Solvent Extractors' Association of India has compiled the export data for export of oilmeals for the month of August 2018. The export of oilmeals during August 2018, provisionally reported at 227,939 tons compared to 261,356 tons in August 2017. The overall export during April to August 2018 is reported at 1,192,095 tons compared to 986,606 tons during the same period of last year i.e. up by 21%. The export of rapeseed meal is sharply increased to nearly 490,232 tons (107%), in first five months, mainly exported to South Korea, Vietnam and Thailand. The ongoing trade dispute between USA and China has created a lot of uncertainty and forcing

China to look out to other origins for their requirements of soybean and oilmeals. This has compelled China to relook its ban imposed for importing of oilmeals from India since 2012. This will open up Chinese market for India. Late last month, Ministry of Commerce and Indian Embassy, Beijing discussed the phyto issues and it was decided that India's phyto certificate would cover all the 12 pests. This shall enable China's AQSIQ to clear the Indian Oilmeals. A formal reconfirmation from China is awaited. Prior to ban in 2012, China used to import nearly half a million tons of oilmeals viz. Rapeseed meal 3.5 to 4.0 lakh tons and 1.0 lakh tons of soybean meal from India.

During April - August 2018 Vietnam imported 235,723 tons of oilmeals (compared to 167,604 tons); consisting of 7,160 tons of soybean meal, 77,160 tons of rapeseed meal, and 151,403 tons of Rice Bran Extraction. South Korea imported 349,992 tons of oilmeals (compared to 337,270 tons); consisting 231,610 tons of rapeseed meal, 10,832 tons of soybean meal and 107,550 tons of castor meal. Thailand imported 130,988 tons of oilmeals (compared to 57,228 tons); consisting 4,747 tons of soybean meal, 9,633 tons of De-oiled Rice Bran Extraction, and 116,572 tons of rapeseed meal. France imported 63,493 tons of oilmeals consisting 61,999 tons of soybean meal and 1,494 tons of Castor meal.

Price Seasonality Trend:



Above chart is for Rajkot market which forecast the price trend for coming months. Chart indicates that castor seed market is likely to move volatile under normal situation (weather, rainfall etc.). Price is expected to move up from March onwards as stock is getting low and demand from China and other major importers is normal.

Technical Analysis:

Castor – Technical Outlook

Technical Commentary:

- Prices are likely to move steady to firm in coming week.
- Increase in prices with lower volume and OI indicates short build up.



Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Sept	4350	4430	4623	4850	4900
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Sept	Buy	4670	4700	44750	4650

Castor Oil Export Volume:

Month wise export of castor oil: April to March:(Quantity in MT)				
Month	2015-16	2016-17	2017-18	2018-19
April	48,511	45,378	63721	45589
May	46,731	52,133	59259	58725
June	47,257	51,994	50647	
July	35,756	38,836	45387	
August	37,517	38,497	54365	
Sept	45,105	34,208	60219	
October	37,205	47,112	52732	
Nov	45,002	35,608	49976	
Dec	50,578	38,442	52950	
Jan	46,250	36001	45531	
Feb	46,327	47540	55763	
March	57,035	57787	48840	
Total	543,274	523,536	639,390	

Source: SEA

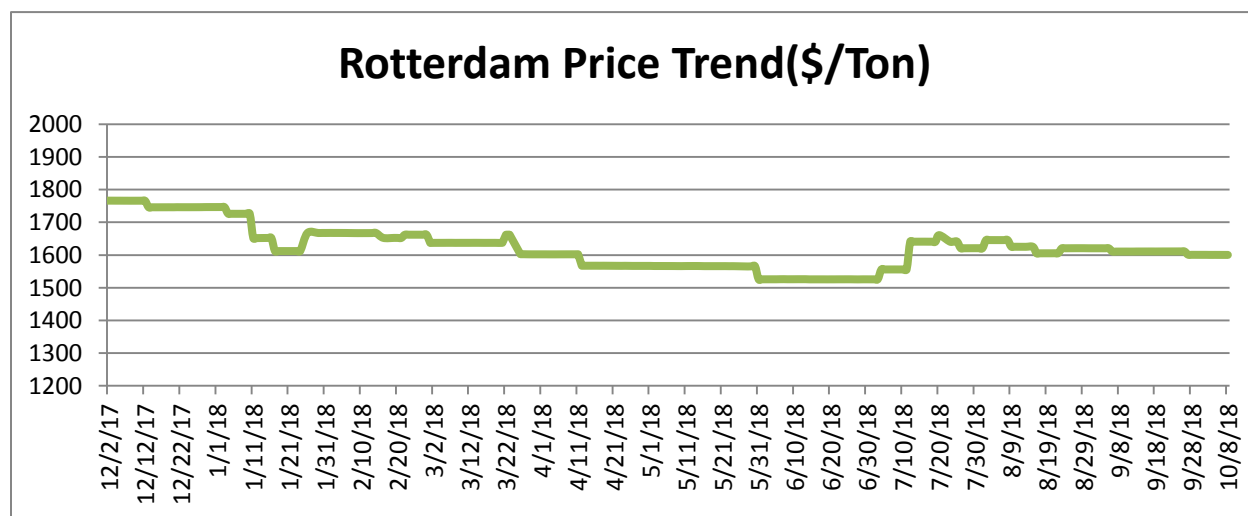
Cash Market (Deesa) Expected Price Range for Oct-2018:-

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	4480-4580	4550-4650
Medium Term (30 days)	4580-4650	4600-4700

Outlook for Sept-2018:

Castor seed cash market is likely to trade firm tone as stock is limited from last year and poor weather for castor yield in Gujarat would play the major role for firming of price. Improved demand will push prices up in upcoming weeks. In September, market may trade firm which shows that declining in stock and support price at this level.

Rotterdam Price:-



Castor Seed - Products Monthly Average Prices:

Commodity	Monthly Average Prices (Rs/ Quintal)			Change	
	Center	Market	Sep. 2018		Aug. 2018
Gujarat	Patan		4536	4429	107
	Harij		4520	4430	90
	Rajkot		4388	4303	85

	Gondal	4396	4333	63
	Deesa	4525	4417	108
	Bhabar	4523	4424	99
	Mehsana	4508	4435	73
	Kadi	4551	4450	101
	Sabarkatha	4537	4457	80
	Gandhi Nagar	4517	4441	76
	Ahmedabad (Sanand)	4505	4296	209
	Halvad	4477	4318	159
	Junagadh	4336	4265	70
	Dhrol	3878	3904	-25
Rajasthan	Jodhpur	4317	4377	-60
	Sumerpur	4429	4387	42

Castor Seed Cumulative Monthly Sum Arrivals in Key Centers:

Center	Market	Monthly Arrivals (Quintal)		Change
		Sep. 2018	Aug. 2018	
Gujarat	Patan	40200	85572	-45372
	Harij	3647.25	16275	-12628
	Rajkot	5076	7454	-2378
	Gondal	4473.5	9687.5	-5214
	Deesa	16064	9666	6398
	Bhabar	39440	78895	-39455
	Mehsana	11798	29438	-17640
	Kadi	44657	56872	-12215
	Sabarkatha	8900	6400	2500
	Gandhi Nagar	15225	19275	-4050
	Ahmedabad (Sanand)	2	15	-13
	Halvad	3398	2700	698
	Junagadh	629	870	-241
	Dhrol	12	46	-34
Rajasthan	Jodhpur	1241	1703	-461
	Sumerpur	1784	3000	-1216
Total Arrivals/Above Markets		196545	327868	-131323

Note: We have incorporated traded quantity of seed in particular mandis. It does not signify the total arrivals

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